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DISCUSSION PAPER NO. 63

SEEING THE FOREST THROUGH THE TREES:
PROGRAM CONTEXT ASSESSMENT

BY PETER SIMEONI

JANUARY 1991

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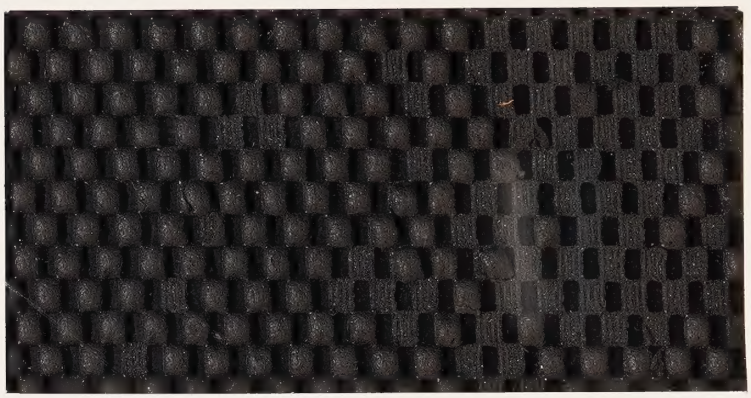

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Discussion Paper

Seeing the Forest through the Trees: Program Context Assessment

Introduction

Webster's Dictionary defines 'contextualize' as the act of putting an action in context, especially for the purposes of study. This paper explores this technique as it applies to the early stages of a value-for-money audit. By expanding on the discussion of entity environment presented in the Comprehensive Auditing Manual (CAM), this paper argues that a thorough analysis of the context of program delivery is essential to understanding it and to developing value-for-money issues of significance. It builds on the premise that much of what is observed about the way a program is managed can be explained by the program's interaction with its environment.

One of the more difficult tasks facing the value-for-money auditor is sorting through and assessing the relevance of the volumes of information obtained during the initial stages of an audit. This is particularly so for information which does not readily relate to the program's management systems, but rather describes the 'environment' in which the program operates. While the CAM deals with gathering information on the environment of the audit entity, this paper proposes a more methodical way of identifying, organizing and analyzing this information so that a cohesive picture of the program's inter-relationships with its environment emerges.

In order to more fully explain how contextualizing works and to show how useful it can be in identifying audit issues, the paper draws on the experiences of the External Affairs team during the value-for-money audit of the Consular Services Program. The paper discusses the major issues raised by the audit as they relate to the program's context. The full results of this audit are reported in Chapter 12 of the 1989 Annual Report of the Auditor General.

Environments, Programs and Audits

The conceptual basis for the argument that understanding a program's environment is essential to understanding the program has its roots in the theory and analysis of systems. In theory, there are generally two kinds of systems, open and closed. An open

system is one that engages in exchange interactions with its environment. Open systems are contrasted by closed systems which are able to function in isolation from their environment. Open systems - and all organizations are open systems - survive and grow through exchange transactions with the environment. Survival and growth do not result from exchanges made inside the organization, although these are important. Rather, organizational success ultimately results from exchange transactions with various groups outside the system. In this sense, government programs are indisputably open systems. They continually interact with, and are products of, their environments

The environment of a government program consists of the set of conditions, influences, and forces external to the program that have relevance to its goals and tasks. (While it is sometimes difficult to decide what is inside and what is outside of an open system, a useful approach to determining the boundary is to classify something as external to the system if it is outside the system's direct control.) Specifically, the environment is made up of legislation and government policy, other departmental programs and other federal departments. Beyond this, it consists of the Cabinet, Parliament, service recipients, special interest groups and, perhaps, foreign governments. All of these influences are beyond the scope of program systems, yet they help determine the range of actions permitted to management. These factors combine to create a climate for public sector management where management systems largely result from or respond to external forces. The best example of the degree of influence is that program mandates and the resources needed to achieve them are externally provided. Both program's reason-for-being and the resources that it uses are outside the control of even the most senior managers. While some influence can, of course, be exerted by management in the legislative and budgetary processes, in the end the decision is someone else's.

Another good example of the degree to which management systems are products of their environments is shown in the phenomena of 'red-tape'. While it is popularly assumed that 'red-tape' in government is a function of bureaucracy in general, the problem of excessive rule-making (and rule-following) is not necessarily endemic in large private organizations the way it is in large public ones. Business firms rival and surpass government programs in size and complexity but, as James Wilson points out in his book, Bureaucracy, they have not developed nearly the same number of rules for hiring and firing, purchasing and selling, and for administration in general. The difference is explained by observing that these additional constraints are not management rules, but political ones. They reflect the political decision that fairness is the most important consideration in

government administration - and as such these rules are perfectly legitimate. Left to their own ends, however, program managers might not assume the same procedural burden. The point is that management systems in government programs are deeply influenced by external factors - in this case, administrative policy.

The CAM discusses program environments in the sections on the audit overview and the survey. It asks questions which should provide the auditor with a clear appreciation of the program's overall relationship with the environment. The following discussion takes this idea a step further by proposing a more methodical way of assessing the environment. The idea of the environment is enlarged to one of 'context' which captures the elements of a program's environment as well as how they interact with the program. Our goal is not so much to identify the specific elements in a program's environment - although this is the first step - but rather to understand how the program and the environment interact as a clue to the reasonableness and sufficiency of management systems.

The Analysis of Program Context

It is useful to begin with the terminology of program context analysis. The context of a program consists of elements and interactions. Elements are defined as the external conditions or groups that interact with the program. The legal basis for the program is an example of condition. Examples of groups in the environment are other programs in the same department, other departments, central agencies, the Cabinet, Parliament, other levels of government, private enterprise, and the program's clients, customers or other stakeholders.

Interactions are defined as the relationships of the program with these conditions or groups. For example, the nature of the relationship between a condition such as legislation and a program management is one where a requirement to take action within statutory limits is imposed. The legislation can be said to set the jurisdiction within which program activity is legitimate. For relationships with groups, program management may interact with other departments or provincial ministries where their activities overlap. In these cases, the nature of the interaction is normally described through some sort of formal or informal agreement. As another example, the program interacts with service recipients through its delivery systems; the nature of this relationship is the effect that it has on the recipients.

Identification of the Elements

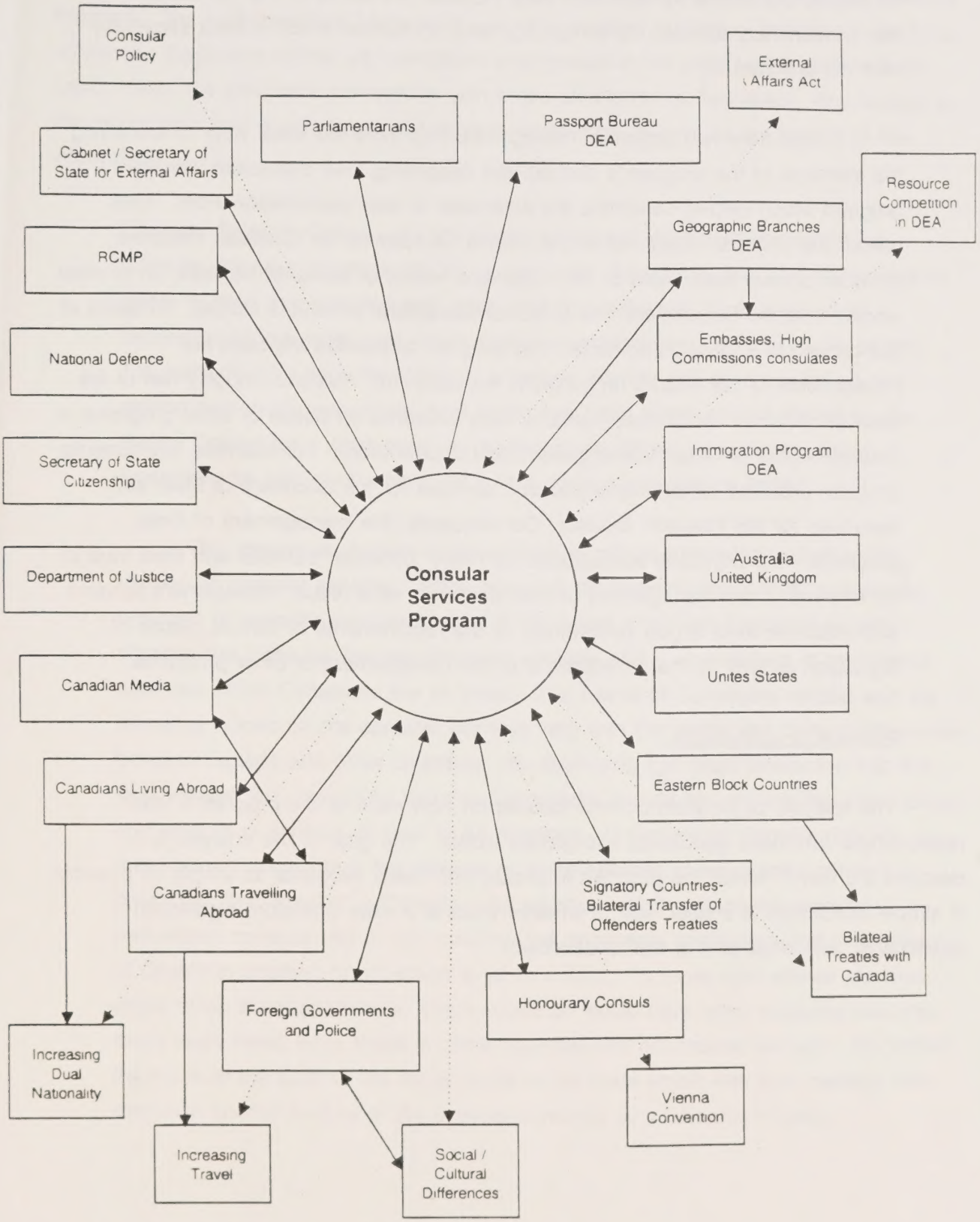
As required by CAM, the elements of a program's context should be identified during the overview phase of a VFM audit (consult OAG Library Services and the departmental library for sources of context information - a literature search is always worthwhile). First, the auditor should develop a list of all relevant authorities, including international treaties or agreements for which the program has complete or partial responsibility. Next, program clients should be identified as well as other federal programs acting in the same jurisdiction. Other departmental programs should be reviewed and understood. Provincial and, if appropriate, municipal responsibilities and activities should be determined. The auditor should also identify what kind of program is being audited. For example, the program may be regulatory or it may administer grants and contributions. Different types of programs have different contexts and it is reasonable to assume, at least initially, that programs of the same basic type should have similar management systems and practices. Where there is not so, it is important to understand why. Finally, the auditor should describe the objectives that the program is supposed to achieve or maintain as precisely as possible.

Case Study: Consular Services. The Consular Services Program is responsible for providing protection and assistance to Canadians living and travelling abroad through the network of Canadian posts (embassies, high commissions, commissions, etc.). Within the Department of External Affairs, consular services are the joint responsibility of the Consular and Immigration Affairs Bureau at headquarters and the 105 (at the time of the audit) posts abroad. Headquarters provides functional advice on specific cases to the posts where the delivery of consular services is carried out by consular officers and local staff, supported by a growing network of honorary consuls.

Among many other factors, the delivery of consular services is influenced by international law, the social structure and culture of each country, the number of Canadians living and travelling abroad, the number of Canadians of plural nationality, and the competition for resources within the department. A multilateral treaty, the Vienna Convention on Consular Relations, makes it possible for Canada and the other 150 signatories to provide assistance and protection services to their nationals abroad while respecting the sovereignty of other countries.

Exhibit 1, the Program Context Model, presents the elements (conditions and groups) that we identified in the program's context. Groups are identified by

EXHIBIT ONE - PROGRAM CONTEXT MODEL



rectangles, conditions by squares. Also included are some of the more important inter-relationships between certain groups and conditions which interact separately from the program.

There were two important findings resulting from the initial work of identifying the elements of the program's context and describing their interaction with the program which helped determine the emphasis of later examination work. First, neither the External Affairs Act or the Vienna Convention on Consular Relations provided a clear description of the range and extent of consular services, or, in other words, what the Department had to do for Canadians in trouble abroad. In terms of our contextual analysis, this meant that program authorities imposed few requirements or constraints on program management. Second, roughly half of the services provided by consular services were delivered on behalf of other programs in External Affairs or other federal government departments. For example, the consular program provided citizenship application services for the Secretary of State and passports for the Passport Bureau. Consequently, the management of these programs were ultimately accountable for many 'consular' services and were sure to be involved in the management of their delivery. As a result, management systems and practices were largely determined by the requirements of various pieces of legislation as well as the expectations of the management of other programs.

Analysis of Interactions

The analysis of program context focuses on how each of the program's inter-relationships with these conditions and groups works. The goal of the analysis is to describe the way in which the program inter-acts with these elements as simply as possible. A simple description is a good test of whether there is a clear (therefore significant) relationship, and whether it is well understood.

Exhibit 2 is an extract from the context analysis worksheet for the Consular Services Program. The worksheet is a convenient way of organizing contextual information for future reference. Beginning on the left, conditions and groups in the program environment are listed. Next, the program's interactions with these elements are described. Any change in the relationship over a relevant period of time is recorded as well as the source of the information.

Consular Services Case. As we began to understand the interaction of the Consular Services Program with its environment, it became clear that the program's ability to meet its protection and assistance mandate was, to a great extent, dependent on elements over which program management had little or no control. The authority of a consular officer in a foreign country was severely limited and existed only to the extent that local authorities were aware of and abided by the Vienna Convention. What program managers, in Ottawa and abroad, could reasonably be held accountable for in this context was just as limited.

The contextual analysis revealed several critical interactions affecting the delivery of consular services. Aside from the multilateral treaty which governs the provision of consular services around in the world, the most important condition affecting the Consular Services Program was the social environment of the various countries where Canadians live or travel. The needs of Canadians abroad and the demands placed on the consular services vary with the social and cultural differences between Canada and other countries. By identifying this basic interaction with the environment, we understood that the Department should not provide the same range and amount of services at each of its missions. It also meant that the rigor of management control over the delivery of these services varied among different countries. The arrest of a Canadian, for example, might reasonably warrant a perfunctory consular visit in one country, the immediate notification and involvement of Ottawa in another, or no action at all in a third. A more rigid service standard might mean that Canadians in some countries would have been receiving help they didn't really need, while those in other countries did not receive enough. We shifted the focus of the audit to the more fundamental issue which was how management exercised control in spite of the unusual demands of a complex context.

CONSULAR SERVICES PROGRAM - CONTEXT ANALYSIS WORKSHEET (EXTRACT ONLY)

Conditions	Groups	Description	Change over 5 years	Source
1) Vienna Convention on Consular Relations		1) Multilateral treaty 150 signatory countries-outlines authority to assist nationals in foreign countries and obligations of host government	no change	Treaty
2) Department of External Affairs Act		2) assigns responsibility for consular matters to Secretary of State-no definition of consular responsibilities	no cha nge	Act
3) Variety of program delivery environments		3) need for Canadians and demand for consular services vary with social and cultural differences between Canada and other countries-mix and amount of services vries accordingly	substantial increase in demand	- Estimates, p.10 - Annual Report. p. 16 - COMIS reports
4) Number of Canadians living and travelling abroad,plus dual nationals		4) Demand on program increases in relation to increase in number of travellers and Canadians living abroad, presumably dual nationals will increase demand proportionately more	(i) 40% increase in passports over 5 years (ii) 3 million (est) Canadians living abroad	- Annual Report, p. 11 - Annual Report, p. 11
	10) Geographic Branches -DEA	10) implement program through network of missions	no change	- Estimates, p. 10 - Program Evaluation
	11) Embassies, High Commissions, Consulates	11) heads-of -post have final authority, responsible for daily operations	no change	- Work Plans
	12) Foreign governments/police	12) in theory, bound by Vienna Convention, adherence varies among countries	Canadians travelling to new countries in increasing numbers	- Annual Report
	13) Australian government	13) MOU reciprocal consular agreement to help each other's nationals	signed 1986 (to be expanded)	copy of MOU

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Exhibit 2

Inter-relationships Over Time

An important aspect of understanding program context is the evolution of inter-relationship over time. Programs evolve in response to their environments and so here we are interested in history. Among the matters which may be examined is the evolution of program authorities. If possible, changes over time in the socio-economic conditions attributable to the program should be determined. Inter-departmental history - who did what and when - should be explored as well as trends in program resources in relation to other programs in the same department. Changes over time in management strategies, delivery mechanisms, and program policy should be explored and understood.

Consular Services. The Consular Services Program dates back to the creation of the Department of External Affairs in 1905 as well as the traditional government function of helping nationals abroad. However interesting this history was, we didn't go back quite that far. First, we traced resources and workload levels back to 1975. In this way we were able to show that over time resources had decreased while the numbers of consular cases increased. Second, we also examined departmental consular policies of 10 years ago in comparison to current ones with a particular emphasis on the clarity of the guidance provided to officers in the field. Third, a dated, but useful policy document reviewed the problems with the Department's approach to service delivery during the 1970s - many of which still existed. Finally, a program evaluation provided interesting information, not the least of which was the recommendation that the department should tailor its services to the conditions at each post.

We developed the working hypothesis (to test during the examination) that management's response to the program context was to exercise very little direct control over service delivery abroad, leaving key decisions in the hands of staff at the posts who, according to management, best understood local conditions. If this were so, then post staff should have access to policy statements which outlined the minimum obligations (responsibilities and service standards) to Canadians abroad as well as the areas left to the discretion of the posts for action on a case by case basis. In addition, consular staff should be appropriately trained or experienced, at a minimum at those officers assigned to posts where consular work was inordinately demanding. Failing these conditions, then there might have been deficiencies in

management systems and practices, possibly leading to failures in meeting service goals.

Program Context and Audit Issues

Congruency

Once the program context has been established it serves as a framework against which to assess other information gathered about the program during the overview phase of the audit. The sum of the program's inter-relationships gives the auditor a clear idea of how well the program fits in its environment. Do management systems and practices make sense given the context of the program?. Possible weaknesses in planning, program delivery, management controls and performance information can be more reasonably assessed from the point of view of the 'big picture'. A 'good fit' is necessary for the program to work well.

Consular Services. Once we had identified the context of consular services delivery, we assessed the degree to which program management systems and practices fit with the environment. We were specifically interested in how reasonable it was to leave so much discretion in the hands of staff at the posts with little management monitoring.

The Department had produced general consular policies which identified the protection and assistance services that its staff may provide to Canadians abroad. These guidelines were meant to allow consular staff the flexibility to adapt departmental services to the circumstances in other countries. Program management relied on the judgement of consular staff in interpreting these policies to respond appropriately to the situations of Canadians needing help.

Since consular services is a program unique to the federal government, we did a comparative analysis of the consular programs of three other countries. We hoped that the results of this analysis would help us determine whether what we were observing at External Affairs made sense. As it turned out, the other countries' programs were managed in similar ways, with an emphasis on a definition of minimum responsibilities and local standards of service. With this finding we were able to establish a point of comparison to the management approach at External

Affairs. By the end of the audit we had successfully argued that good management practices in this context dictated that the Department should specify for each post the range and extent of consular services that would be provided in response to local conditions, supplemented by the adequate training of consular staff. The effort that we put into analyzing the context of the program during the audit formed the basis for this argument.

Risk and Significance

By placing the program in its context, we are better able to assess the risk and significance of failures to achieve program results. The analysis of risk should consider the impact of program context on the achievement of program results, and the ultimate impact on clients. Assessments of significance, or the impact of program failures on its clients and the degree to which these failures would be of interest to Parliament, should also reflect the mitigating influence of the program's context on the impact.

Consular Services. Given the uncertainty associated with the context of consular services and the degree to which program results were uncontrollable, the risk of service failure was very high. Compounding this situation was the significance placed by Members of Parliament on any misfortune that their constituents encountered while travelling abroad. Both Parliamentarians and the Department are sensitive to cases involving Canadians in trouble abroad and the media attention surrounding them. Other than local authorities, there were no other agencies which could be expected to compensate for program failures. All of these factors argued for a more explicit description of the range and extent of the services available to Canadians at each post abroad.

We recognized that there was some need for flexibility and discretion at the posts. However, we also concluded that a very general description of consular responsibilities increased the risk that unnecessary services would be provided, or that required services would be neglected. Total reliance on the judgement of individual consular staff to properly interpret their responsibilities on a case-by-case basis increased the risk of inconsistency in the treatment of Canadians with similar needs.

Seeing Inside Out

An understanding of program context allows the auditor to see the program from the inside out, or from the manager's point of view. This perspective has two important benefits. The auditor will be able to develop program-specific criteria earlier in the audit. Second, and more important, the auditor will be more likely to make recommendations that are relevant and practical to program management on issues that are likely to be significant to Parliament.

Consular Services. Our understanding of consular services resulting from the contextual analysis enabled us to develop audit criteria that reflected the realities of service delivery outside of Canada. In addition, we had developed a thorough knowledge of the intricacies and challenges of consular work from the perspective of the consular officers and External Affairs' headquarters. For example, due to our early recognition that the range and extent of service should vary form post to post, the criteria, and the audit examination, focused on whether the Department had assessed by post what kind of help should be provided as a guide to its staff abroad. We looked at whether headquarters assessed the degree to which post responses to individual cases conformed to overall program objectives. We also looked at the variation in range and extent of services among posts and among cases at the same post. For human resources management, we looked at how well prepared consular staff were when they are assigned abroad given the variety of foreign cultures with which they were expected to deal. We also examined the effort that program management put into the maintenance of relationships with those groups in the environment that could help with service delivery, such as the travel industry, the foreign services of friendly powers and foreign police forces.

Conclusion

This paper had modest intentions. First, I hoped that it would help other auditors develop new kinds of questions about how programs work and why they work that way, and to encourage them not to be satisfied with 'that's-the-way-it-has-to-be' explanations. To do this, I've suggested a systematic approach to what every auditor already does intuitively.

And second, I thought it might be more interesting if I drew on the experience of the External Affairs team during the VFM audit of Consular Services since program context was the key to the audit issues. Something that I think is missing in the Office is a discussion of how the teams developed the audit issues described in the Annual Report and so that is what I've tried to do with this paper.

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